(e) and (f) Some of the imports of small cardamom by Nepal are made through Calcutta port. However, official figures of such imports are not available.

(i) All concerned customs authorities and their field formations have been alerted and are vigilant to prevent any smuggling of cardamom from Nepal to India

[Translation]

Internal Audit System of Banks

106. SHRI PRAMOD MAHAJAN :
SHRI NAND KUMAR SAI :
SHRI RAMSAGAR :

Will the Minister of FINANCE be pleased to state :

(a) whether the Rasheed Jalani Committee has made any recommendation in order to improve the internal audit system of banks;

(b) if so, the details thereof;

(c) whether the Government have instructed the banks to implement these recommendations;

(d) if so, whether all the banks have followed these instructions; and

(e) if not, the action taken/proposed to be taken against such banks who have not followed the said instructions alongwith their names ?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) Yes Sir.

(b) The Group had made a total of 79 recommendations of which 25 are to be implemented by the banks. According to the RBI some of the significant recommendations of the Committee are :

(i) Effective measures should be initiated by banks to remove area of ambiguity and over lapping as also to redue multiplicity of different types of inspection audit.

(ii) Banks should inroduce a system of branch rating based on inspection reports and review it periodically keeping in view the changed priorities and objectives set for proper working of the branches. Each bank should maintain computer profile of branches on their performance in thrust areas like audit rating-asset quality, level of NPAs, revenue leakage, profitability etc. Track record of frauds in branches etc. to be maintained.

(iii) All poorly rated branches need to be inspected within 12 months and others between 12 and 18 months since the last inspection.

(iv) Total comuterisation of branchs should move at a faster pase. Banks should also computerise the track record of branches in rectification of irregularities pointed out in inspection/audit reports.

(v) Vigilance and Inspection departments should be placed under the charge of two different executives.

(vi) Banks should have a system of fixing accountability of inspectors/auditors for their failure to detect/report serious irregularities.

(vii) Segmentation approach should be followed for insepction of large branches and inspection/audit could be carried out department wise in order to eliminate delay in inspection/ audit.

(viii) It would be more beneficial to cover those branches under concurrent audit system which would account for 50% of total advances of the bank rather than 50% of total business.

(ix) Committee also recommended Computer Audit and audit of Electronic Data Processing (EDP) aspects, among others.

(c) Reserve Bank of India (RBI) has advised the banks *vide* their communication dated 1st November, 1996 to initiate immediate action to implement the recommendations.

(d) Most banks have reported receipt of the instructions and initiation of measures for implementation of the recommendations.

(e) The banks are required to submit progress reports to RBI in respect of the recommendations to be implemented by them commencing from the quarter ended December 31, 1996. Banks have since started submitting the reports. Pending receipt and verification of all reports it would not be possible to indicate the names of banks which have not complied with instructions.

[English]

Shifting of Offices from Srinagar

107. SHRI GHULAM RASOOL KAR : Will the Minister of FINANCE be pleased to state :

(a) the number of regional offices of Banking and insurance companies closed in Srinagar during militancy period; and

(b) whether the Union Government have asked these regional offices to shift again in Srinagar ?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) Reserve Bank of India (RBI) have reported that no Regional Office of any banking company was closed in Srinagar during the militancy period. Insurance Companies do not have any Regional Office in Srinagar.

(b) Does not arise.

[Translation]

Election Expenses

108. SHRI PANKAJ CHOWDHARY : Will the Minister of LAW AND JUSTICE be pleased to state :

(a) whether the Government have received any proposal from the Election Commission to include party's expenditure in the expenditure of candidates and also to raise the ceiling of election expenditure;

(b) if so, the details thereof; and

(c) the time by which a final decision is likely to be taken in this regard ?

THE MINISTER OF STATE OF THE DEPARTMENT OF LEGAL AFFAIRS, LEGISLATIVE DEPARTMENT AND DEPARTMENT OF JUSTICE (SHRI RAMAKANT D. KHALAP) : (a) and (b) The Election Commission has made a proposal for deletion of Explanation-I under section 77 (1) of the Representation of the People Act, 1951 and for simultaneous upward revision of the ceilings on election expenses.

(c) It is not possible at present to indicate the exact time by which a final decision is likely to be taken in this regard.

[English]

Foreign Institutional Investors

109. SHRI L. RAMANA :
KUMARI SHUSHILA TIRIYA :

Will the Minister of FINANCE be pleased to state :

(a) the names of the foreign institutional investors that have been allowed to invest in the Indian stock market;

(b) the total amount invested by these FIIs during the year 1994-95 and during the first nine months of 1995-96 respectively in the Indian Stock market;

(c) whether any analysis has been made about the positive and negative effects of these investments;

(d) if so, the details thereof;

(e) whether the foreign institutional investors have become major players which has rendered the role of Indian financial institutions like UTI and LIC ineffectual in serving as regulatory bodies at the sources; and

(f) if so, the action taken or proposed to be taken in this regard ?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) and (b) According to the information made available by the Securities & Exchange Board of India (SEBI), as on 13.1.1997, the number of Foreign Institutional Investors (FIIs) who have registered with SEBI stood at 427. The names of these FIIs are being obtained from SEBI and will be laid on the Table of the House. The amount of net investments made by the FIIs during the financial year 1994-95 and during the first nine months of 1995-96 have been as follows :

	US $ Million
1994-95	1995-96 Upto Dec. 1995
1528.3	1015.8

(c) and (d) Participation by international investors increases the depth and credibility of domestic capital markets and enhances the scope for capital mobilisation by Indian Industry. Besides the foreign exchange inflows consequent to FII investments play a facilitating role in management of the country's Balance of Payment situation.

(e) and (f) The all India Financial Institutions continue to play a predominant role as major investors in the Indian Capital markets. As a class of investors FIIs are among the major investors in the Indian capital markets. However, in terms of SEBI regulations, FII investments are limited to a maximum ceiling of 24% of the paid up equity capital of a single Indian company under the portfolio route.

[Translation]

ADB Loan For Projects and Canals

110. SHRI D.P. YADAV : Will the Minister of FINANCE be pleased to state :

(a) the funds allocated for the development of projects and canals in Uttar Pradesh with the help of Asian Development Bank;

(b) the details of these projects;

(c) whether some works have been undertaken with the help of Asian Development Bank during 1996-97;

(d) if so, the amount spent thereon; and

(e) the time by which remaining work is likely to be completed ?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) to (e) A loan of US $ 31.318 million was approved by Asian Development Bank on October 30, 1990 for Government of Uttar Pradesh under the Second Road Improvement Project. During 1996-97, an amount of Rs. 150.10 million has been spent till December 31, 1996. The remaining work is likely to be completed by June 30, 1998.

Besides the above project, there are ADB assisted Central/Public Sector Projects, such as, Road Improvement Project, Second Railways Project, Unchahar Thermal Power Project in which U.P. is a beneficiary State.

P.M.R.Y.

111. SHRI DATTA MEGHE : Will the Minister of INDUSTRY be pleased to state :

(a) whether the Government are aware that the fund allocated for Prime Minister's Rojgar Yojana is being diverted to other purposes in various states;

(b) if so, the details thereof, State-wise; and

(c) the steps being taken by the Government to improve the situation ?